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GENERAL AND COMPLETE DISARMAMENT: INTERNATIONAL ARMS TRANSFERS

Letter dated 27 April 1992 from the Chargé d'affaires a.i. of the Permanent Mission of Sweden to the United Nations addressed to the Secretary-General

At this year's substantive session of the United Nations Disarmament Commission, Sweden indicated that it would make available to the United Nations data regarding its exports of military equipment. Consequently, I have the honour to enclose a report on Swedish exports of military equipment in 1991 (see annex).

I would be grateful if the text of the present letter and its annex could be circulated as a document of the General Assembly under item 61 (i) of the preliminary list.

(Signed) Lars-Göran ENGFELDT
Ambassador
Acting Permanent Representative of Sweden
to the United Nations

* A/47/50.

ANNEX

Report on Swedish exports of military equipment in 1991*

I. GENERAL BACKGROUND

1. The Inspectorate General of Military Equipment (Krigsmaterielinspektionen (KMI) monitors developments in the marketing, sale and export of military equipment from Sweden. The companies that have permission to conduct activities in the field of military equipment - at present about 160, of which some 70 are active - are obliged to make reports to the KMI covering a number of aspects. This material, together with information collected by the Inspectorate in other ways, is analysed and compiled by KMI. In the Bill (1984/85:82) on increased public insight and consultation with regard to questions on the export of military equipment, the Government declared its intention to submit an annual report to Parliament on Swedish exports of military equipment. The following report concerns Swedish exports of military equipment in 1991.

II. PERMITS FOR EXPORT

2. The number of applications for permits has varied in recent years from 1,500 to 2,300. Most of these applications have concerned the export of spare parts, single weapons and other military equipment of limited value.

3. Decisions regarding permits for the export of military equipment are made by the Government. In cases which do not involve large-scale exports or where no other important factors are involved, the Minister, who has the responsibility for presenting to Cabinet matters regarding the exportation of military equipment, may make decisions on applications for permits. As is shown in table 1 below, in 1991 the Government made decisions on applications for export, which amounted to 98 per cent of the total value of permits granted for the sale of military equipment. The figures for the number of government decisions include decisions on export for sale abroad, as well as for certain other purposes (repairs, demonstration, etc.).

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* Excerpted from the report of the Government of Sweden to Parliament, SKr. 1991/92:145.

TABLE 1

Export certificates for military equipment sold during the period 1985-1991

Year	Total value (in millions of SKr)	Total value subject to government decisions (in millions of SKr)	Percentage of total value	Number of government decisions
1985	3 120	3 030	97	182
1986	4 262	4 151	97	226
1987	5 383	5 320	99	285
1988	6 405	6 333	99	380
1989	7 247	7 100	98	312
1990	2 980	2 912	98	328
1991	2 559	2 511	98	350

4. From table 2 below, it can be seen that the total value of export permits granted, calculated in constant prices, decreased in 1991 by 17 per cent.

TABLE 2

Export certificates for military equipment sold during the period 1985-1991 in current prices and in 1968 prices and the percentage change in value

Year	Value in current prices (in millions of SKr)	Value in 1968 prices (in millions of SKr) 1/	Change in value (percentage)
1985	3 120	746	+30.9
1986	4 262	980	+31.3
1987	5 383	1 194	+21.8
1988	6 405	1 366	+14.4
1989	7 247	1 455	+ 6.5
1990	2 980	578	-60.3
1991	2 559	478	-17.3

1/ Sweden's statistics (SCB) export index for fabricated metal products, machinery and equipment has been used for conversion of prices to 1968 prices.

III. ACTUAL DELIVERIES

5. KMI's statistics on exports are based on the information provided by exporting companies regarding the value of the equipment delivered.

6. Table 3 below shows the values in millions of SKr of Sweden's exports of military equipment during the past 10-year period in current prices and in 1968 prices. The table also provides information on the share of Sweden's total exports accounted for by mililtary equipment. From 1988 onwards, the figures refer to exports by all manufacturers of military equipment, including State-owned public utilities. Exports of equipment for hunting and sporting purposes by arms dealers to private individuals and to arms dealers, which were previously included in the sum total, have been accounted for under a separate heading since 1988.

TABLE 3

Value of the exports of Swedish military equipment in the period 1981-1991 in current prices and in 1968 prices

Year	Sweden's total export (at current prices in millions of SKr)	Export of military equipment			
		Current prices (in millions of SKr)	Share of total exports (percentage)	1968 prices in millions of SKr 1/	Change in value (percentage)
1981	144 523	1 697	1.17	577	-25.5
1982	167 975	1 588	0.95	481	-16.6
1983	210 310	1 658	0.79	444	- 7.7
1984	242 500	2 178	0.90	554	+24.8
1985	259 985	2 137	0.82	511	- 7.8
1986	265 100	3 243	1.22	746	+46.0
1987	281 433	4 427	1.57	981	+31.5
1988	304 782	6 155	2.02	1 313	+34.0
1989	332 580	6 005	1.81	1 206	- 8.1
1990	339 850 2/	3 327	0.98	645	-46.5
1991	332 900 3/	2 705	0.81	506	-21.5

1/ Sweden's statistics (SCB) export index for fabricated metal products, machinery and equipment has been used for the conversion of prices to 1968 prices.

2/ The figure for Sweden's total exports for 1990 has been corrected in this year's compilation in accordance with later data from Statistics Sweden. The amendment does not involve any change in the information provided here on the share of total exports accounted for by military equipment.

3/ Preliminary data.

7. The share of military equipment in Sweden's total exports in 1991 amounted to 0.81 per cent compared with 0.98 per cent in 1990. The average figure for the past 10-year period is 1.19 per cent.

8. Changes from one year to the next do not, as a rule, provide a basis for any long-term assessments of trends. The considerable decline in exports in absolute terms as well as in constant prices, which occurred in 1990 and which has continued during 1991, means that the export value has returned to the level of the early 1980s.

9. A comparison of tables 1, 2 and 3 above shows that the total value of approved export permits in any single year can differ widely from the value of the goods actually delivered during that year. This is due to the fact that the permits granted often cover exports which take place over several calendar years, as well as the fact that in some cases permits are not made use of to their full extent.

10. In table 4 below, exports of military equipment are given for 16 different categories, as detailed in the special Ordinance containing a specified list of military equipment.

TABLE 4

Value of Swedish military equipment exports in millions of SKr during the period 1989-1991, classified in accordance with the main groups in the specified list of military equipment

		1991	1990	1989
1.	Firearms, etc.	2	2	1
2.	Pieces of ordnance, etc.	206	634	1 747
3.	Ammunition	394	1 008	1 662
4.	Missiles, rockets, torpedoes, bombs, etc.	1 586	799	1 294
5.	Equipment for combat control, etc	155	334	399
6.	ABC weapons, etc	-	-	-
7.	Explosives, etc.	77	149	102
8.	Vessels, etc.	-	-	4
9.	Aircraft, etc.	158	188	384
10.	Vehicles	50	130	272
11.	Radiation equipment, etc.	-	-	-
12.	Photographic equipment	-	-	-
13.	Helmets, etc.	-		2
14.	Bridge-building equipment	-	-	-
15.	Training equipment	63	65	20
16.	Machinery, tools, etc.	14	18	118
	Total	2 705	3 327	6 005

In addition to the account of exports for 1991 given in table 4, the following specifications can be made for certain equipment categories. Within group No. 2 (Pieces of ordnance, etc.) exports consisted of air-defence guns, including spare parts, to approximately 60 per cent of the value, and of anti-tank weapons to some 30 per cent of the value. Group 3 (ammunition) includes ammunition for small arms as well as large-calibre weapons. Exports in this category consisted of anti-tank ammunition to approximately 60 per cent of the value. Within Group 4 (missiles, rockets, torpedoes, bombs, etc.) exports consisted of missiles, including spare parts and related equipment, to approximately 60 per cent of the value, of which approximately two thirds were anti-tank and air-defence missiles.

IV. GEOGRAPHICAL DISTRIBUTION

11. The total volume of exports of military equipment detailed in the previous tables, and their distribution for various groups of equipment, is complemented in the following compilation by an account of the distribution of military equipment exports by regions in 1991 compared with the previous five-year period (table 5), as well as by recipient countries for the years 1989, 1990 and 1991 (table 6). The data compiled show that, on average, during the period accounted for, about 50 per cent of Swedish exports of military equipment in value terms has been to Europe and approximately 34 per cent to Asia.

Table 5. Distribution of exports of military equipment by region in percentage of their annual value in the period 1986-1991

	1986	1987	1988	1989	1990	1991
Europe	53	42	33	42	52	81
North America	4	14	11	10	8	12
South America	9	4	6	3	1	0
Asia	31	38	50	44	37	6
Africa	0	2	0	0	0	0
Oceania	3	0	0	0	2	1
Number of countries	38	40	38	36	33	36

Table 6. Exports of military equipment in thousands of SKr according to recipient country (for comparison, exports for 1989-1990 are also presented)

	1991	1990	1989
Andorra 1/	92	-	-
Argentina	178	-	105
Australia	14 938	50 693	25 318
Austria	226 741	203 183	363 847
Belgium	221 048	2 293	2 247
Botswana 1/	45	-	-
Brazil	2 867	36 524	38 393
Canada	96 048	19 003	48 221
Denmark	182 008	132 718	213 127
Finland	453 554	296 711	91 676
France	28 343	6 023	3 570
Gabon	-	14	-
Germany	163 239	201 422	168 569
Ghana	-	2 790	2 016
Greece	-	129	2 198
Hong Kong 1/	-	107	9 848
Hungary 1/	57	-	-
Iceland 1/	67	36	37
India	29 517	1 117 150	2 444 790
Indonesia	1 782	-	49 791
Ireland	41	301	3 015
Italy	9 218	14 308	80 344
Japan	6 136	34 485	3 275
Luxembourg	46	-	-
Malaysia	47 577	3 640	2 934
Malta 1/	-	-	31
Mauritius 1/	75	67	-
Mexico	-	-	6
Namibia 1/	49	-	-
Nepal	15 133	-	-
Netherlands	218 699	201 021	180 166
New Zealand	4 560	5 704	3 382
Norway	617 043	477 098	737 886
Pakistan	3 680	4 316	90 617
Peru	-	-	20
Portugal	278	4 632	415
Singapore	59 727	66 100	28 561
Spain	5 993	53 508	10 619
Switzerland	13 873	30 330	12 128
Tunisia	219	2 483	10 993
United Kingdom of Great Britain and Northern Ireland	48 538	52 969	60 902
United States of America	233 028	253 788	562 153
Venezuela	30	79	152 466
Yugoslavia	-	53 447	601 334
Total	2 704 467	3 327 072	6 005 002

1/ Export of small-bore ammunition only.

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12. In 1991, military equipment manufactured by Swedish companies was delivered to 36 countries. In the case of 12 of these countries, the value of exports was less than 1 million SKr. For six of the recipient countries in 1991, the exported material consisted solely of small-bore ammunition.

13. It can be noted that 34 per cent of total exports in 1990 consisted of exports to one country, namely, India (41 per cent in 1989). These exports were dominated by AB Bofors' deliveries of field howitzer systems. As these deliveries have been completed over time, India's share of total exports has continued to diminish and in 1991 was only slightly more than 1 per cent. The regional distribution of exports has changed so that the countries in Europe and North America have become the completely dominating recipients of Swedish military equipment during 1991.

14. To this should be added exports of spare parts, maintenance equipment, etc. from the Defence Matériel Administration (FMV) to a total value of 15.4 million SKr. This export was mainly to Finland and Denmark.

15. In addition, during 1991 exports of equipment for hunting and sporting purposes took place to a total value of approximately 2.3 million SKr.

V. TRANSFER OF MANUFACTURING RIGHTS

16. In 1991, six permits have been granted for the licensing of manufacturing rights abroad. These have been for manufacturing in Australia (two permits), Canada, Germany, Norway and the United Kingdom of Great Britain and Northern Ireland.

17. Applications for permits for cases involving the licensing of rights are dealt with in the same way as for the export of equipment. In addition to the usual process preceding the grant of a permit for the export of military equipment, relevant sections of the licensing agreement are also examined. In this context, particular importance is attached to such questions as the scope of the licence, its duration, conditions applying to re-export, etc.

18. Pursuant to Section 12 of the Act on Prohibition of the Exportation of Military Equipment and Related Matters, the Government has directed that companies that have transferred a right for the manufacture of military equipment to a foreign party shall report annually regarding whether the licence is still operative and, if possible, whether manufacturing has taken place on the basis of this licence.

19. Thirteen companies have submitted such reports for 1991, concerning 88 transfers of licences to 19 countries.

VI. TRAINING FOR MILITARY PURPOSES

20. In accordance with the Act on Prohibition of the Exportation of Military Equipment (Section 7), military training for foreign nationals may not take place in Sweden without the permission of the Government, with certain exceptions. No such permits have been issued in 1991.

VII. REPORT OF OWNERSHIP IN A FOREIGN LEGAL ENTITY

21. According to Section 10 of the Act on Prohibition of the Exportation of Military Equipment and Related Matters, companies which have been granted permission to manufacture or supply military equipment shall annually provide information on ownership in any foreign legal entity which is involved in the development, manufacture, marketing or sale of military equipment.

22. Six companies have reported ownership in 20 foreign legal entities in 10 countries (the situation as at 31 December 1991).

VIII. EXPORTING COMPANIES

23. At present, there are some 60 exporters of military equipment in Sweden. Of these, slightly less than half are small companies which have permission to trade with guns for hunting and sporting purposes; 37 companies which have permission to manufacture military equipment exported such equipment in 1991, 25 of which for more than 1 million SKr.

24. The principal exporter in 1991 was Swedish Ordnance-FFV/Bofors AB, which accounted for approximately 60 per cent of military equipment exports. In addition to this, three companies exported equipment to a value exceeding 100 million SKr: Saab Instruments AB, Saab Missiles AB and Volvo Flygmotor AB. Two companies, NobalTech Systems AB and Swedish Explosives AB each exported equipment valued at between 50 and 100 million SKr. Six companies exported equipment valued at between 10 and 50 million SKr: Ericsson Radar Electronics AB, FFV Aerotech AB, Hägglunds Vehicle AB, Norma Precision AB, Saab Scania (Aircraft Division) and SATech Electronics AB. Other companies with an export volume of over 1 million SKr are ABB Atom AB, Air Target Sweden AB, Aviation Consulting Partners AB, Bofors Aerotronics AB, Ekman Safety AB, Lindesbergs Industri AB, Mipro AB, Norabel AB, Saab Training Systems AB, SA Marine AB, Statoil Europarts AB, Volvo Aero Support AB and Winmoan AB.

25. Altogether, these 25 companies accounted for more than 99 per cent of the total exports of Swedish military equipment in 1991.